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January 24, 2003

James Courter  
President  
IDT America, Corp.  
520 Broad Street  
Newark, New Jersey 07102-3111

Re: Requested Adoption Under the FCC Merger Conditions

Dear Mr. Courter:

Verizon New England Inc., d/b/a Verizon Maine, f/k/a New England Telephone and Telegraph Company, d/b/a Bell Atlantic-Maine ("Verizon"), a New York corporation with its principal place of business at 185 Franklin Street Boston, MA 02110, has received your letter stating that, pursuant to paragraph 32 of the BA/GTE Merger Conditions ("Merger Conditions"), released by the FCC on June 16, 2000 in CC Docket No. 98-184, IDT America, Corp. ("IDT"), a New Jersey corporation with its principal place of business at 520 Broad Street, Newark, New Jersey 07102-3111, wishes to provide services to customers in Verizon's service territory in the State of Maine by adopting the voluntarily negotiated terms of the First Amended Interconnection Agreement between MCImetro Access Transmission Services, LLC ("MCIIm") and Verizon New York Inc., d/b/a Verizon New York, f/k/a New York Telephone Company, d/b/a Bell Atlantic – New York ("Verizon New York") dated April 20, 1998 and last revised December 17, 1998, that was approved by the Connecticut Department of Public Utility Control as an effective agreement in the State of Connecticut, as such agreement exists on the date hereof after giving effect to operation of law (the "Verizon Connecticut Terms").

I understand that IDT has a copy of the Verizon Connecticut Terms which, in any case, are attached hereto as Appendix 1. Please note the following with respect to IDT's adoption of the Verizon Connecticut Terms.

1. By the Parties' countersignatures on this letter, Verizon and IDT each hereby represent and agree to the following four points:
  - (A) IDT adopts the Verizon Connecticut Terms in the service territory of Verizon, as they are in effect on the date hereof after giving effect to operation of law, and in applying the Verizon Connecticut Terms, the Parties agree to be bound by the Verizon Connecticut Terms and that:
    1. IDT shall be substituted in place of MCImetro Access Transmission Services, LLC and MCI in the Verizon Connecticut Terms wherever appropriate;
    2. Maine Public Utilities Commission ("MPUC") shall be substituted in place of the Connecticut Department of Public Utility Control ("Department") wherever appropriate;
    3. Except with respect to conflict of law principles, the domestic law of the State of Maine shall be substituted in place of Connecticut law as the governing state law referenced at Section 20.5, and wherever else appropriate, in the Verizon Connecticut Terms.
  - (B) Section 20.9 is hereby amended to substitute the following recipients for purposes of Notice to either IDT or Verizon as may be required or permitted under the Verizon Connecticut Terms, subject to designation from time to time of such other recipients as either Party may designate pursuant to proper Notice:

To IDT:

Attention: David W. Lucky  
IDT America, Corp.  
520 Broad Street, 14<sup>th</sup> Floor  
Newark, New Jersey 07102-3111  
Telephone Number: 973-438-3891  
Facsimile Number: 973-438-1479  
Internet Address: dlucky@corp.idt.net

with a copy to:

Carl Billek  
IDT America, Corp.  
520 Broad Street, 14<sup>th</sup> Floor  
Newark, New Jersey 07102-3111  
Telephone Number: 973-438-4854  
Facsimile Number: 973-438-1455  
Internet Address: carl.billek@corp.idt.net

with a copy to:

Richard S. Dodd II  
Of Counsel  
IDT America Corp.  
1850 M Street, Suite 300  
Washington, DC 20036  
Telephone Number: 202-367-7601  
Facsimile Number: 202-659-1931  
Internet Address: rdodd@winstar.com

To Verizon:

Director-Contract Performance & Administration  
Verizon Wholesale Markets  
600 Hidden Ridge, HQEWMNOTICES  
Irving, TX 75038  
Telephone Number: 972/718-5988  
Facsimile Number: 972/719-1519  
Internet Address: wmnotices@verizon.com

with a copy to:

Vice President and Associate General Counsel  
Verizon Wholesale Markets  
1515 North Court House Road, Suite 500  
Arlington, VA 22201  
Facsimile: 703/351-3664

- (C) IDT represents and warrants that it is a certified provider of local telecommunications service in the State of Maine, and that its adoption of the Verizon Connecticut Terms will only cover services in the service territory of Verizon in the State of Maine.
  - (D) In the event an interconnection agreement between Verizon and IDT is currently in effect in the State of Maine (the "Original ICA"), this adoption shall be an amendment and restatement of the operating terms and conditions of the Original ICA, and shall replace in their entirety the terms of the Original ICA. This adoption is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction with respect to the Original ICA. Any outstanding payment obligations of the parties that were incurred but not fully performed under the Original ICA shall constitute payment obligations of the parties under this adoption.
2. IDT's adoption of the Verizon Connecticut Terms shall become effective on January 17, 2003. Verizon shall file this adoption letter with the MPUC promptly upon receipt of an original of this letter, countersigned by an authorized officer of

IDT. The term and termination provisions of the MCI/Verizon Connecticut agreement shall govern IDT's adoption of the Verizon Connecticut Terms.

3. As the Verizon Connecticut Terms are being adopted by IDT pursuant to the Merger Conditions, Verizon does not provide the Verizon Connecticut Terms to IDT as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Verizon Connecticut Terms does not in any way constitute a waiver by Verizon of any position as to the Verizon Connecticut Terms or a portion thereof. Nor does it constitute a waiver by Verizon of any rights and remedies it may have to seek review of the Verizon Connecticut Terms, or to seek review of any provisions included in these Verizon Connecticut Terms as a result of IDT's election pursuant to the Merger Conditions.
4. For avoidance of doubt, please note that adoption of the Verizon Connecticut Terms will not result in reciprocal compensation payments for Internet traffic. Verizon has always taken the position that reciprocal compensation was not due to be paid for Internet traffic under section 251(b)(5) of the Act. Verizon's position that reciprocal compensation is not to be paid for Internet traffic was confirmed by the FCC in the Order on Remand and Report and Order adopted on April 18, 2001 ("*FCC Remand Order*"), which held that Internet traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in section 251(b)(5) of the Act.<sup>1</sup> Accordingly, compensation for Internet traffic – if any – is governed by the terms of the *FCC Remand Order*, not pursuant to adoption of the Verizon Connecticut Terms.<sup>2</sup> Moreover, in light of the *FCC Remand Order*, even if the Verizon Connecticut Terms include provisions invoking an intercarrier compensation mechanism for Internet traffic, any reasonable amount of time permitted for adopting such provisions has expired under the FCC's rules implementing section 252(i) of the Act.<sup>3</sup> In fact, the *FCC Remand Order* made clear that carriers may not adopt provisions of an existing interconnection agreement to the extent that such provisions provide compensation for Internet Traffic.<sup>4</sup>

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<sup>1</sup> Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ("*FCC Remand Order*") ¶44, *remanded*, *WorldCom, Inc. v. FCC*, No. 01-1218 (D.C. Cir. May 3, 2002). Although the D.C. Circuit remanded the *FCC Remand Order* to permit the FCC to clarify its reasoning, it left the order in place as governing federal law. *See WorldCom, Inc. v. FCC*, No. 01-1218, slip op. at 5 (D.C. Cir. May 3, 2002).

<sup>2</sup> For your convenience, an industry letter distributed by Verizon explaining its plans to implement the *FCC Internet Order* can be viewed at Verizon's Customer Support Website at URL [www.verizon.com/wise](http://www.verizon.com/wise) (select Verizon East Customer Support, Business Resources, Customer Documentation, Resources, Industry Letters, CLEC, May 21, 2001 Order on Remand).

<sup>3</sup> *See, e.g.*, 47 C.F.R. Section 51.809(c). These rules implementing section 252(i) of the Act apply to interstate adoptions under the Merger Conditions as well. *See, e.g.*, Merger Conditions ¶32 (such adoptions shall be made available "under the same rules that would apply to a request under 47 U.S.C. Section 252(i)").

<sup>4</sup> *FCC Remand Order* ¶82.

5. IDT's adoption of the Verizon Connecticut Terms pursuant to the Merger Conditions is subject to all of the provisions of such Merger Conditions. Please note that the Merger Conditions exclude the following provisions from the interstate adoption requirements: state-specific pricing, state-specific performance measures, provisions that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. Section 252 and provisions that incorporate the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. Section 252(a)(1). Verizon, however, does not oppose IDT's adoption of the Verizon Connecticut Terms at this time, subject to the following reservations and exclusions:
- (A) Verizon's standard pricing schedule for interconnection agreements in the State of Maine (as such schedule may be amended from time to time) (attached as Appendix 2 hereto), which includes (without limitation) rates for reciprocal compensation, shall apply to IDT's adoption of the Verizon Connecticut Terms. IDT should note that the aforementioned pricing schedule may contain rates for certain services the terms for which are not included in the Verizon Connecticut Terms or that are otherwise not part of this adoption. In an effort to expedite the adoption process, Verizon has not deleted such rates from the pricing schedule. However, the inclusion of such rates in no way obligates Verizon to provide the subject services and in no way waives Verizon's rights under the Merger Conditions.
  - (B) IDT's adoption of the Verizon Connecticut Terms shall not obligate Verizon to provide any interconnection arrangement or unbundled network element unless it is feasible to provide given the technical, network and Operations Support Systems attributes and limitations in, and is consistent with the laws and regulatory requirements of the State of Maine and with applicable collective bargaining agreements.
  - (C) Nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any provision in the Verizon Connecticut Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Verizon Connecticut Terms.
  - (D) Terms, conditions and prices contained in tariffs cited in the Verizon Connecticut Terms shall not be considered negotiated and are excluded from IDT's adoption.
  - (E) IDT's adoption does not include any terms that were arbitrated in the Verizon Connecticut Terms.
6. Verizon reserves the right to deny IDT's adoption and/or application of the Verizon Connecticut Terms, in whole or in part, at any time:

- (A) when the costs of providing the Verizon Connecticut Terms to IDT are greater than the costs of providing them to MCIm;
  - (B) if the provision of the Verizon Connecticut Terms to IDT is not technically feasible;
  - (C) if Verizon otherwise is not obligated to permit such adoption and/or application under the Merger Conditions or under applicable law.
7. Should IDT attempt to apply the Verizon Connecticut Terms in a manner that conflicts with paragraphs 3-6 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.

In the event that a voluntary or involuntary petition has been or is in the future filed against IDT under bankruptcy or insolvency laws, or any law relating to the relief of debtors, readjustment of indebtedness, debtor reorganization or composition or extension of debt (any such proceeding, an “Insolvency Proceeding”), then: (i) all rights of Verizon under such laws, including, without limitation, all rights of Verizon under 11 U.S.C. § 366, shall be preserved, and IDT’s adoption of the Verizon Connecticut Terms shall in no way impair such rights of Verizon; and (ii) all rights of IDT resulting from IDT’s adoption of the Verizon Connecticut Terms shall be subject to and modified by any Stipulations and Orders entered in the Insolvency Proceeding, including, without limitation, any Stipulation or Order providing adequate assurance of payment to Verizon pursuant to 11 U.S.C. § 366.

Please arrange for a duly authorized representative of IDT to sign this letter in the space provided below and return it to the undersigned.

Reviewed and countersigned as to paragraphs 1 through 8:

VERIZON NEW ENGLAND INC.,  
D/B/A VERIZON MAINE

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Jeffrey A. Masoner  
Vice President – Interconnection Services Policy & Planning

Reviewed and countersigned as to points A, B, C, and D of paragraph 1: IDT acknowledges Verizon's position statements of paragraphs 2 through 8 above ("Verizon's Statements of Position"), but IDT (i) disagrees with them, (ii) reserves all rights to dispute any and all of Verizon's Statements of Position, and (iii) asserts that Verizon's Statements of Position do not, and should not be used to, change or alter the underlying Terms adopted by IDT.

IDT AMERICA, CORP.

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By \_\_\_\_\_

Title \_\_\_\_\_

Attachment

c:      Hernando Londono - Verizon (w/out attachments)